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Consequences of Certain US Courses in Laos

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Submitted by the

DIRECTOR OF CENTRAL INTELLIGENCE

Concurred in by the

UNITED STATES INTELLIGENCE BOARD

With the exception of the
Director of Intelligence and Research,
Department of State

As indicated overleaf

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The following intelligence organizations participated in the preparation of this estimate:

The Central Intelligence Agency and the intelligence organizations of the Departments of State, Defense, the Army, the Navy, the Air Force, and The Joint Staff.

Concurring:

Director, Defense Intelligence Agency
Assistant Chief of Staff for Intelligence, Department of the Army
Assistant Chief of Naval Operations (Intelligence), Department of the Navy
Assistant Chief of Staff, Intelligence, USAF
Director for Intelligence, Joint Staff
Director of the National Security Agency

Dissenting:

Director of Intelligence and Research, Department of State

Abstaining:

The Atomic Energy Commission Representative to the USIB, and the Assistant Director, Federal Bureau of Investigation, the subject being outside of their jurisdiction.

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CONSEQUENCES OF CERTAIN US COURSES IN LAOS

THE PROBLEM [1]

To estimate certain reactions if the US, in order to put pressure on General Phoumi and Premier Boun Oum to cooperate in a coalition government, halted financial and military aid to the Laotian Government.

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[1] The Director of Intelligence and Research, Department of State, dissents from this entire estimate. The reasons for his dissent are set forth at the end of the estimate.

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THE ESTIMATE

1. The members of the Royal Laotian Government (RLG), the armed forces, and the civil service, as well as most of the people in urban areas, are aware that Laos has become heavily dependent upon US assistance and support. Many of them have come to take continued US aid for granted. The termination of US economic and logistics support would cause considerable psychological shock among these key Laotian elements. Though some of the top government leaders would realize that the US action was designed solely to bring pressure upon Phoumi, most members of the government and military service would probably conclude that the US had abandoned Laos. In either case, the effect on Laotian self-confidence and morale would be a depressing one.

2. The financial impact of the US move would not be immediate. The government has enough foreign currency reserves in London, Tokyo, and New York banks to meet its basic operational needs for perhaps six months or so. Moreover, the government has approximately 600 million kip—the equivalent of some 6 million dollars—in unbacked currency in Savannakhet vaults which it would not be averse to issuing if the need arose. Upon announcement of the termination of US financial support, the RLG would probably take additional steps to economize foreign currency reserves and impose controls over the salaries of government and civil service employees. The reaction of these employees would no doubt be dismay and anger and there would be a chance of anti-US demonstrations in urban areas, especially Vientiane. Although some might defect or return to the rural areas, the majority would probably remain in the cities, hopeful of a renewal of US aid to the present government or to a new regime under Souvanna. In the countryside, the effect of the US denial of monetary aid on the predominantly barter economy would be negligible.

3. If at the same time the US were to terminate its logistics support of the Royal Laotian Army, current stockpiles of arms, ammunition, POL, and other materiel would enable the FAR to maintain its present positions and level of operations for a maximum of about 45 days, though exhaustion of individual unit stockpiles and difficulties of bringing up reserve supplies from central supply depots would in many cases severely shorten this period. Removal of the MAAG White Star teams would have a detrimental effect on the morale of the FAR and would impair the combat effectiveness of units in front line areas. Believing that Phoumi's source of power was gone, the more opportunistic of the FAR commanders might seek other arrangements, including accommodation with Souvanna Phouma's forces or with the Pathet Lao. If military assistance, to include withdrawal of MAAG, were withheld for more than a few weeks, the combat capabilities of the FAR would so decline as to preclude their restoration by a subsequent resumption of aid. Under these conditions, if the Communist forces now in Laos should decide to take over the country by military means, they would meet with only token resistance. Phoumi's men in the field would almost certainly scatter and seek escape through surrender, defection, or a return to their native villages, and such Meo resistance as continued would be for the sole objective of survival.

4. The Communists—Moscow, Peiping, Hanoi, and the Pathet Lao—would consider that the US action had enhanced their chances of taking over Laos either by military action or by political means. Their choice of action

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would be greatly influenced by whether they believed that the US action represented an abandonment of Laos, or an attempt to force Phoumi to accept a coalition government under Souvanna. Moscow would wish to maintain the appearance of seeking in good faith the establishment of a coalition. Peiping and Hanoi would be more sympathetic to an armed takeover, since they would probably estimate that later US military intervention would be less likely than does the USSR. On balance, we believe that the Communists would not immediately attempt a military conquest of Laos.

5. The Communist forces in Laos would, in any event, continue their recent buildup of military strength and equipment and maintain military pressure on the government forces. They would probably increase that pressure from time to time to improve their political leverage or local military positions. The more extensive the demoralization of the RLG and FAR proved to be, the more the Communists would use their opportunities to induce the defection or neutralization of RLG military and governmental figures. They would expect in this fashion to insure that the "coalition" government that eventually emerged would have a more leftist complexion.

6. The withdrawal of US financial and military aid would probably not persuade Phoumi and Boun Oum to participate in a Souvanna coalition government. Both of them regard Souvanna with suspicion and appear to think that any coalition headed by him would inevitably give way to a Communist-dominated government. Phoumi may believe that US pressure on him will not be carried to the point of seriously weakening his armed forces. A sincere Thai effort to persuade him to join a Souvanna government might be successful, but probably not. He would almost certainly not accept any role unless it gave him a dominant position with respect to the armed forces or police. If Phoumi were to acquiesce in or join a coalition government in any capacity, it is doubtful that he would do so with any serious intent of cooperating with Souvanna. Rather he would seek to undercut Souvanna and his followers.

7. In past times of crisis the King has refused to accept responsibility or to take positive action. The termination of US military and financial aid would increase the chances that the King might undertake to form a government himself. We believe, however, that he would remain passive, seeking to avoid compromising the Crown's position of being "above politics."

8. There would be a number of other courses of action open to Phoumi and Boun Oum, but it is difficult to estimate with confidence the odds on any one of them. The most likely would seem to be for Phoumi and Boun Oum to preserve the existing government and maintain the loyalty and level of effectiveness of its armed forces as long as possible, hoping that the US would in time renew its support and aid. Recent indications are that the intransigent attitude of Phoumi has gained increasing support among the more vocal elements of the RLG and probably encouraged him to oppose any compromise with Souvanna.

9. Another possibility would be for Phoumi and Boun Oum to leave Laos for Thailand or Europe in self-imposed exile. If either or both were to retire from the stage, a few government and military figures with strong anti-Souvanna sentiments would be likely to follow suit. However, most of the RLG would probably stay behind and seek accommodation with Souvanna. The FAR commander in chief would seek to assert control over and maintain discipline in the army, but units in the field would become increasingly demoralized and ineffective. The King, in spite of his distrust of Souvanna, would probably remain in Laos and in due course accept a Souvanna government.

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10. It is also possible that Phoumi and Boun Oum might decide upon some form of drastic military action as the only way to dramatize their position and shock the US into a renewal of support. For example, Phoumi might seek to gather his forces at Savannakhet and attempt the partition of the country. Phoumi might also move whatever forces he could muster to the Sayaboury and Pakse regions on the west side of the Mekong River and seek to create safe havens from which to launch some later military action. In the case of a partition attempt, there would probably be a sharp military reaction by Communist forces, and Phoumi's forces would almost certainly be defeated and scattered or captured. The enemy's reaction to a move across the Mekong to the Sayaboury and Pakse regions would probably be less immediate, but eventual action against these and any other "rebel pockets" would be almost certain. As a last resort, Phoumi and Boun Oum might go to the hills and try to carry out a guerrilla war against any Laotian government which might be set up, but we believe this to be quite unlikely.

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[1] The following is the dissent of the Director of Intelligence and Research, Department of State:

The Director of Intelligence and Research, Department of State, believes that the statement of the problem has resulted in an overly-simplified consideration of the effects on General Phoumi and Premier Boun Oum of cessation of US financial and military aid. He does not believe that the actual complexities of the total context in which Phoumi and Boun Oum must act permit us to have any assurance in the sort of net judgment expressed in paragraph 6 of this estimate where it is stated that the "withdrawal of US financial and military aid would probably not persuade Phoumi and Boun Oum to partipicate in a Souvanna coalition government."

The estimate apparently addresses itself only to an abrupt and total termination of US economic and military support (without noting that 80 percent of US financial aid has been withheld since February or assessing the impact thereof). The timing, sequence, and correlation of various moves the US might make in the course of withdrawing support, as well as the bearing of pressures from other sources, should be taken into account.

The estimate fails to assess Phoumi's intentions, but implies that he is governed solely by the view that the coalition government as presently envisaged would necessarily mean an early Communist takeover. However, it is entirely possible that he has deliberately overstated his apprehension concerning a Souvanna Government in order to affect US policy. Thus his stubbornness to date might be attributed to a conviction that if he continues to hold out, the US would not dare to withdraw military assistance. On this point it has become increasingly evident that the degree of American determination may be an important if not critical factor. Phoumi himself apparently believes that if he can hold out until Souvanna retires from the field, he can then force the US to support him. (King Vatthana said as much to former President Auriol; Phoumi himself has made clear to US officials that his objective is to get rid of Souvanna.)

Other factors might also weigh on Phoumi. A serious Thai effort to persuade him—again most likely if the Thais believe the US is determined—would have considerable influence on Phoumi. If the Pathet Lao remain relatively quiet for the next few months (as the Soviets have implied that they will, in private conversations at a high level) Phoumi's hopes for renewal of large-scale hostilities and for consequent US support of him would be reduced. If on the other hand hostilities should resume at the instigation either of Phoumi or the Pathet Lao, the probability of further military defeats for the FAR must also be a factor for Phoumi to weigh. This is particularly true since the President has personally warned Phoumi through the Lao Ambassador that the Lao must not labor under the delusion that the US would send in forces to help the FAR if hostilities break out.

Phoumi's stubbornness might also be eroded by the cumulative effect of gradually worsening economic conditions in the cities, and by concern that an alternate to him acceptable to both the US and the RLG might step forward.

The Director of Intelligence and Research, Department of State, believes that the complexities of the Laotian situation similarly militate against the confident judgment expressed in paragraph 3 of the estimate: "If military assistance, to include withdrawal of MAAG, were withheld for more than a few weeks, the combat capabilities of the FAR

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would so decline as to preclude their restoration by a subsequent resumption of aid." This conclusion represents a possibility which must be weighed in the light of another possibility: that Phoumi's continued intransigence may itself spark a PL-Kong Le attack. The President has already warned Phoumi, through the Lao Ambassador, that the PL are stronger than the RLG forces and if hostilities are resumed Laos will be finished.

In summary, the Director of Intelligence and Research, Department of State, feels that an estimate of Phoumi's position, to be useful, should take fully into account not merely the fact of withdrawing financial and military aid, but the various possibilities of collateral pressures, timing, and sequence, the correlation of moves which the US might make; as well as the realistic and diminishing range of choices which Phoumi actually faces.

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